UCSF
University of California
San Francisco

Fiscal Year 2019 Year-End Close Presentation

Controller's Office & Budget and Resource Management

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The Controller's Office vision is to be a trusted advisor working in partnership with faculty, staff, and students to enhance the financial stewardship of the campus and to uphold the public's trust in the institution and mission of UCSF.
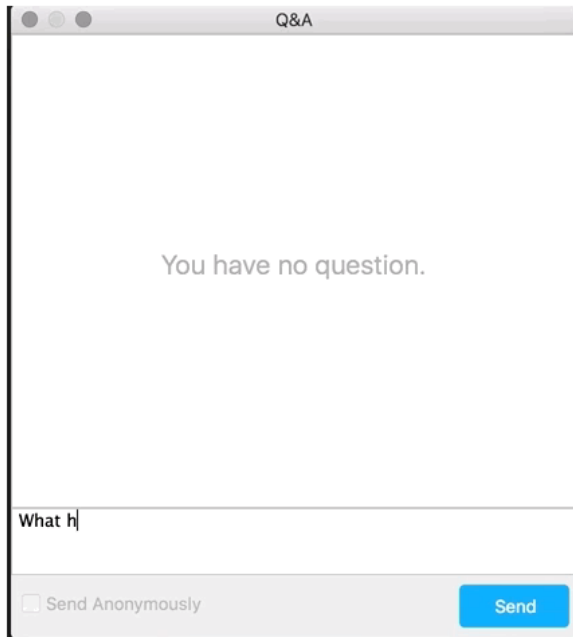
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1. Click Q&A to open the Q&A window.
2. Type your question into the Q&A box. Click **Send**.


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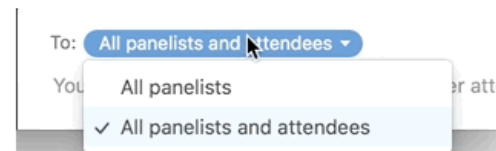
4. Type your message and press **Enter**.

Agenda

- NEW: Summary of changes from prior years

- Overview of close process

- Preparation for year-end close

- Year-end close key takeaways

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Summary of changes from Prior Year

Throughout the presentation, we'll have some "new" items this year.

- **Helpful tools for year-end**
  - Internal Audit Financial Management Dashboard
  - GL Verification

- **Reflect on prior year as part of planning**

- **Key dates**

- **Journal entry processing best practices**
  - Handling of journals not approved prior to cut-offs
  - Coordination of journal approvals
  - Temporarily assigning alternate approvers
  - Supporting documentation guidelines

- **UCSF Health key dates**

- **Additional resources**

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Calculation of Net Position

	FY2019	FY2020
Net position-beginning*	$ 50	$200
Plus: Revenues*	200	
Minus: Expenses	100	
Plus: Other Changes*	<u>50</u>	
Net position-ending*	$200	

- Net position is the accumulation of surplus / deficits over time

- *MyReports "normalizes" sign conventions to show financial statement presentation and favorable/(unfavorable)

- FY2020 beginning of period net position balances cannot be finalized until after final close and Central review

- Refer to job aids on Chart of accounts and understanding net position

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Account Carryforward based on Fund Type

Sponsored funds carry forward balances at the project level in period 0 for all awards for aforementioned chartfields, including revenue, expense and transfers so inception-to-date reporting can be easily extracted over the life of a project/award

Account type	Sponsored Funds	Non-Sponsored Funds
Asset	Carryforward inception-to-date balances in period 0 for all chartfields	Carryforward balances in period 0
Liability		
Net position		
Revenue		Each year net position is calculated and balances exist in periods 1-12 only
Expense		
Transfers		

- Additionally, sponsored budgets carryforward in the PeopleSoft ledger from one fiscal year to the next

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General Planning for Fiscal Close

- Do what you do!

  - Much of the activities we're focused on in June are activities that you're doing throughout the year

  - Pay special attention to these activities leading up to year-end to aid in some of the year-end specific areas

- Utilize available tools to identify areas of focus

  - MyReports Net Position Reports

    - Only selecting Dept ID in criteria will result in ending Net Position shown on report for each combination of Dept ID, Fund, and Project (DFP)

  - Highlights risk and compliance areas

    - Internal Audit's Financial Management Dashboard

    - General Ledger (GL) Verification Tool

- Reflect on prior year

  - Review entries from the prior year-end to see if any can be done earlier

  - Continue practices that served us well & assess any gaps to proactively address

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General reminders as you approach managing year-end fund balances

- Note balances in 1900 and 1924. Plan to have no deficits in these funds and only small carry forward balances

- Look at your endowment income fund balances and make sure you are in compliance with the 5 year rule

- Review gift balances and make good stewardship choices about using these funds

- Manage deficits across all funds

- In general, revenue should not be moved from one fund to another fund

- Note: STIP income for June will post during final close

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Campus policy dictates that deficits are not permitted at fiscal year close, with some exceptions

- A deficit is defined as a negative financial net position at the close of the fiscal year

- Deficits are identified by Fund and Level 2 Dept ID Net Position

- A Level 2 Department is a department that reports directly to a Control Point (Level 1)

- When there is a deficit at the Fund/Dept ID level 2, analysts should identify the specific project(s) where deficits exist and take action to clear the deficit or provide an explanation to your Control Point. Deficits below the Dept ID Level 2 do not need to be resolved by fiscal close

- Best practice: As part of regular planning and financial cycles, identify structural and ongoing deficits and take action. Doing so will help smooth your fiscal close activities in future years

- Policy 250-12 (Deficit Monitoring and Resolution)

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Deficits on non-sponsored activities may be carried forward in certain circumstances

A deficit may be carried forward if/when:

- An authorized deficit resolution business plan is in place and the unit is in compliance with the plan

  - Deficit resolution business plans are first approved by the control point and then are submitted for approval to Budget and Resource Management who will review the plan(s) on behalf of the Chancellor

- The deficit occurs on a recharge fund and the unit is in compliance with campus recharge policy

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Deficits associated with sponsored activities may occur due to billing and revenue recognition lags

- Billing and revenue recognition is dictated by the terms and conditions detailed in the award document

- Timely fixed price billing improves the University's cash flow

- Deficits, which result from expenditures recorded in excess of timely recognized revenue, are permitted during the life of the award

- To limit deficits, structure fixed price agreements to better match receipts with expenditures. Also, throughout the life of a fixed priced award, ensure billing is current

Overdraft considerations: Project Principal Investigators must incur expenditures within the project period and budget, as outlined in the award document. Expenditures in excess of the award budget which result in overdrafts must be resolved as outlined in Administrative Policy 300-19 (Expenditures of Extramural Funds.)

When in doubt, call Contracts & Grants Accounting!

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State educational appropriations should be fully expended during the fiscal year

- State Educational Appropriations are funds 1900 and 1924

- Managers should plan to end the year with a zero balance

- Deficits are not permitted

- Carry-forwards greater than $25,000 at Dept ID Level 2 are discouraged. If necessary, Control Points can request to carry-forward funding by contacting Lief Tsai before June prelim close (July 12th)

- Carry-forwards are permitted on other centrally-allocated funds

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Endowment income should not be allowed to accumulate beyond five years

- The campus has a legal requirement to expend endowment income as intended by donors

- Payout should not accumulate for an unreasonable period of time, or in excess of five years of income per policy

- Consider donor stewardship impacts of reporting unexpended endowment income balances

- Best practice: review your endowment income funds and plan on expending balances that have accrued five or more years of payout

- [Additional guidance for Gifts & Endowments](#)

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Transferring revenue between funds

- The Fund chart field exists to enable tracking uses against sources

- In general, revenue should not be transferred from one fund to another. Doing so changes the "source of the money" for transactions

- Instead, expenses should be recorded against available funds in order to spend down balances

- Specific example: A department has a deficit in Fund 5014 and a balance in Fund 5018. To resolve, transfer *expenses* from 5014 to 5018 to resolve.

- Exceptions are allowed for certain funds to be used to fund capital projects, debt service, or to create a fund functioning as an endowment. See the CO website for a complete list of exceptions and the BRM website for additional guidance.

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Posting June Short Term Investment Pool (STIP)

- UCOP distributes June STIP income to UCSF during the interim close period

- June STIP earnings will be calculated based on the Fund-DeptID balance at interim close

- June STIP will post during the week of July 29th (final close period)

  - We will <u>NOT</u> be able to reclassify June STIP

- While discouraged, units may move STIP around during the course of the year. Please refer to the <u>STIP job aid</u> for instructions

Year-End Close Key Dates

The following dates are key items for this year's close process:

- June 17-28: PwC Interim audit

- July 12: June Prelim close

- July 26: June Interim close

- July 30: June Control Point close

- July 31-Aug 2: June BRM adjustments

- Aug 6: Central Final close

- Week of Aug 12: Anticipate July Balances in MyReports

- Aug 26-Sept 6: PwC Year-end audit

- Please see Monthly Schedule on Controller's website for detailed year-end close deadlines

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Year-End Close Key Dates – A Closer Look

July/August

Monday	Tuesday	Wednesday	Thursday	Friday
1 July	**2**	**3**	**4** *HOLIDAY*	**5** PR: 1st YE Journal Posts
8 PR: Available to view in MyReports	**9**	**10** Last day to submit journals requiring CO / BO approvals for June Prelim Close	**11**	**12** **June Prelim Close** PR: 2nd YE Journal Posts
15 *July* Opens in PS	**16**	**17**	**18**	**19** PR: Final YE Journal Posts
22	**23**	**24** Last day to submit journals requiring CO / BO approvals for June Interim Close	**25**	**26** **June Interim Close**
29	**30** **June Control Point Close**	**31**	**1** August	**2** **Budget Office Adjustment Journals**
5	**6** Central **June Final Close**	**7** Campus July Close	**8**	**9**

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Journal Entry Processing

During year-end close, there are some unique items related to journal entry processing:

- Departments must be complete with journals by **interim close** on July 26th

- Journals on July 29th and 30th are for Control Points only

- Journals on July 31st through August 2nd are for Budget and Resource Management only

- No exceptions will be granted to these deadlines due to reporting requirements and strict timelines outlined by UCOP

- Note it is possible that June entries are identified during the PwC year-end audit; CO will work with CP's if impact to Departments

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Journal Entry Processing (continued)

- Prelim and interim journal entries follow normal month end close workflow process; no additional journal entry approval is required

- Check if any journals were not approved or posted by prelim and interim; must resubmit

- Final close journal entries after July 26th route in PeopleSoft to Control Points and then to the Controller's Office for review and approval

- Coordinate journal approvals & allow time for tiered approvals

- Temporarily assign an alternate approver in PeopleSoft when you plan to be out of the office
  - Note: Workflow routing is set when the preparer submits the journal

Journal Entry Processing (continued)

- For any reversing journal entries, remember the reversing journal option in PeopleSoft must be selected

Supporting Documentation Guidelines
For Journal Entries

- When manually creating journal entries in PeopleSoft, Journal Preparers must include the following two types of supporting information:
  - Journal Entry Descriptions
  - Supporting Documentation

- Providing appropriate supporting materials is an essential element of internal control and gives Journal Approvers adequate detail to ensure a transaction is reasonable and accurate, and helps to satisfy audit requirements.

- Any confidential or sensitive information should be excluded or redacted from supporting materials.

- Resources: CO Newsletter and Supporting Documentation Guidelines

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July Journal Entries

July (Period 1 for FY20) also has some unique items related to journal entry processing:

- Both the June FY2019 and July FY2020 periods will be open at the same time in PeopleSoft GL

- July 15th: July period opens

- July close dates on normal schedule

  - August 7th: July period closes for Campus

  - August 9th: July period closes for UCSF Health

  - Closing July before beginning balances are final

- Default journal entry effective date is calendar date journal entry is created in PeopleSoft; reminder to change date if applicable

Payroll

Note the following Payroll specific action items and deadlines related to the year-end close:

- Review of FY2019 payroll transactions to ensure:
  - Employees are active and paid on the correct Dept ID and fund
  - Expense transfers and adjustments are identified
- The last date to submit Payroll Expense Transfers (PETs) to the CO Solutions Center to be included in the June ledger:
  - July 1st: PETs for sponsored funds
  - July 12th: PETs for non-sponsored funds
- Please remember to use the Payroll Expense Transfer Uploader (PETU)

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Payroll Pay Cycle Summary

- There is a 3rd biweekly pay compute in June for the pay period ending 6/29/2019. All actual June expenses will post to June and no biweekly salary and benefit accrual will be created.

- June leave usage will be included in the July 11th pay compute and will be reflected in MyReports on July 15th

- Posting dates for June payroll transactions (PETs will be entered into the below computes according to when received):

Pay Cycle	Pay Compute Date	Available in MyReports
June B1/MM	7/3/2019	7/8/2019
July XX-1	7/11/2019	7/15/2019
July B2	7/18/2019	7/22/2019

Payroll Expense Transfers

- PETs are accrued when received using journal id CGAMMDDA, where MMDD is the month and day processed.

- The reversing journal (CGAMMDDAR) will occur the same night the actual payroll expense posts to the General Ledger.

- PETUs for June received after July 12th will:

  - Automatically be included in the July payroll journal and accruals will appear in the July general ledger.

  - Require approval from your Control Point Finance Administrator and a justification if you are requesting to accrue for the PETU in June.

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Cash

Note the following Cash specific action items and deadlines related to the year-end close:

- June 30th: deadline to deposit cash for FY2019

- Record related non-sponsored cash / check deposit journal entry in timely manner from when the deposit was made

- Review monthly undistributed ACH & wire deposit lists to claim additional funds received for your department

- All related journals must be complete and accurate with appropriate and legible support to ensure review and approval by Cash and Controls

- Include in journal entry description what period cash relates to and whether it is a refund or reimbursement.

- Refer to job aids on non-sponsored cash related journal entries and supporting documentation guidelines

Purchasing

Note the following Purchasing specific action items and deadlines related to the year-end close:

- May 31st: deadline for BearBuy approved requisitions <$50k to be received by Supply Chain Management (SCM)
  - Requisitions after May 31st will be processed as received, but not guaranteed to be included in FY2019
  - Include the comment "FUND YEAR EXPIRING 6/30/2019" on the BearBuy requisition so the requisition may be prioritized appropriately
- Requisitions >$50k are dependent upon complexity; no guaranteed processing timeline
- Notify SCM if time sensitive orders may be delayed in the approval process
  - Send notification via email to: BearBuy@ucsf.edu
  - Include the requisition number, supplier name, amount, Dept ID, Fund, Project and Account

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Purchasing (continued)

- **June 7th**: deadline to submit PO close (lien removal) and chartfield change requests

  - Requests received after deadline will be processed in the order they are received, but are not guaranteed to be completed by fiscal year-end

  - Use BearBuy Change Order Request form to request chartfield changes or PO closure to remove lien

- To help ensure requests to remove liens (PO close) or chartfield changes are processed before year-end, follow these guidelines:

  - Purchase Order with Expired Fund: Work closely with Contracts and Grants Accounting to check expiring funds. Forward any requests to close out Purchase Orders to SCM EARLY. BearBuy Match Exception Handlers will need to resolve all match exceptions prior to requesting closure of POs. Invoices must be paid before liens can be removed

  - BearBuy PO Lien Removal (PO close): Use the BearBuy Change Order Request Form to request lien removal. Select "Close Entire PO (and Remove Lien)" as the Type of Change

  - BearBuy PO Chartfield Change: Use the BearBuy Change Order Request Form to request a chartfield change. Select "Chartfield Change (Account Code)" as the Type of Change

  - Please provide accurate and complete information on your requests. In the year-end crunch, incomplete and problematic requests may result in delay in processing due to necessary follow up.

Procurement Card (P-Card)

Note the following P-Card specific action items and deadlines related to the year-end close:

- **July 3rd, 5pm**: All P-Card transactions for the 6/25/2019 statement period must be reallocated and approved in US Bank Access Online to be booked in FY2019

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Accounts Payable

Note the following Accounts Payable specific action items and deadlines related to the year-end close:

- **June 28th, 5pm**: deadline for items below to be submitted to and received by Accounts Payable:

  - Invoices

  - Check requests or BearBuy Payment Request Forms

  - Meeting and Entertainment Forms

  - Approved MyExpense reimbursements

- All items must be complete, accurate, legible, and applicable POs are open and valid to ensure processing by AP

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Accounts Payable - Accruals

Note the following Accounts Payable - Accrual specific action items and deadlines related to the year-end close:

- **July 24th (Noon)**: deadline to submit accrual requests to AP for invoices >$100k related to FY2019

- After July 24th only invoices >$300k will be reviewed and coordinated through designated control points for accruals

- BearBuy Match Exceptions invoice accruals are made by AP for invoices received, but not yet paid because of missing approvals

- Send invoice accrual requests to Melissa Gee at melissa.gee@ucsf.edu. The request must include:

  - Invoice, PO number, and if available other supporting documentation (i.e. proof of delivery, service agreement milestones, etc.)

  - Approval from the department Finance Manager confirming the invoice is ready to pay in the new year and that the chartstring is correct

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Sponsored Research

Note the following Sponsored Research specific action items and deadlines related to the year-end close:

- June 30th: deadline to deposit cash for FY2019
  - Departments should not prepare cash journal entries
  - Departments should forward checks to CGA for deposit
  - CGA is responsible for recording revenue and accounts receivable into both the General Ledger and Research Administration System (RAS)
  - Please see Sponsored Research cash handling procedures for more information

Sponsored Research (continued)

Note the following Sponsored Research specific action items and deadlines related to the year-end close:

- All FFRs and Final Cost Reimbursable invoices are prepared based on General Ledger balances (i.e., no manual adjustments)

- Reports and invoices based on June balances will be prepared using the interim close balances

- Final Reporting Certifications should be submitted via PeopleSoft RAS using normal operating procedures and timelines appropriate for the award

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Sales and Services Revenue

Note the following Sales and Services Revenue specific action items and deadlines related to the year-end close:

- Controller's Office General Accounting records accruals for sales and service revenues related to FY2019 activities where the cash has not been received by Departments by June 30th

- July 11th: deadline to provide invoices >$50k billed to a 3rd party on or before June 30th which remain unpaid at June 30th

  - Email invoices to Christine Tran at Christine.tran2@ucsf.edu

- Additionally, we are required to review cash receipts received after June 30th to ensure the related revenue and accounts receivable has been properly stated in FY19 results

  - Controller's Office will work with Control Points for cash receipts related to Departments

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UCSF Health Year-End Key Dates
July 2019

- July 17th NOON – Deadline for departments to submit FY2019 invoices to UCSF Health Accounts Payable (A/P) to be captured in the July 22nd accrual

- July 22nd – UCSF Health A/P closes for June. Invoices dated 6/30/19 and prior processed 7/1-7/19/19 will be accrued on this date

- July 23rd – Departments review preliminary YE reports in MyReports

- Entries after Interim Close (7/26) require approval from UCSF Health Controller

- August 9th – UCSF Health July Close

Monday	Tuesday	Wednesday	Thursday	Friday
1	**2**	**3**	**4** HOLIDAY	**5**
8	**9**	**10**	**11**	**12** June Prelim Close
15 *July* Opens in PS	**16**	**17** Last day to submit FY19 Invoices to UCSF Health Accounts Payable for 7/22 accrual	**18**	**19**
22 UCSF Health Accounts Payable Closes for FY19	**23** Preliminary YE dept reports available in MyReports for review	**24**	**25**	**26** June Interim Close *Deadline for dept to identify FY19 accruals
29	**30**	**31**	1	2
Additional entries after 7/26 require approval from UCSF Health Controller (Keith Farmer)				
5	6 Central **June Final Close**	7 July Close Campus	8	9 July Close UCSF Health

GL Verification

GL Verification is the key control for UCSF Campus Departments

- Departments are required to review transactions recorded to their Dept ID(s) throughout the year

- GL Verifications should be complete 30 days after the previous month-end close

- To allow time for necessary corrections and transfers at year-end, review transactions through out June and July so that corrections are in by July 24th

- Complete June GL Verification no later than August 16th

- GL Verification on-line tool

- Please see the CO Website for additional guidance and best practices related to verification of expenditures

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External Financial Audit

- PwC audits our financial processes, financial statements and internal controls

- Departments' roles in process

- Leadership certifications and representation letters
  - Reliance on the departments

- See CO Website for additional [Fiscal Year-End Close](#) details

- Uniform Guidance (formally A-133): UCSF is <u>not</u> in scope for at large research and student financial aid for FY19, however specific research programs which involve UCSF may be selected

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MyReports

MyReports will update during the year-end close consistent with the process throughout the year and will reflect previous business day posted activity

- There is no differentiation between prelim, interim and final close in MyReports

- Run reports throughout the close process to obtain the most up-to-date information

- Transaction Detail Report displays the ledger posting date if the Show Detail Columns option is selected

- MyReports will notify users once FY2020 beginning balances are updated, estimated to be week of August 12th

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Questions or Feedback

Contact Information:

Functional Area	Contact	Email
Close Coordinator	Sara Chan-Betancourt	Sara.Chan@ucsf.edu
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CGA	David Scarbeary-Simmons	David.Scarbeary-Simmons@ucsf.edu
PET	Todd Vizenor	Todd.Vizenor@ucsf.edu
BRM	Lief Tsai	Lief.Tsai@ucsf.edu
Foundation	Janet Jones	Janet.Jones@ucsf.edu
Health	Jenny Pulliam-Johnson	Jenny.Pulliam@ucsf.edu

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Questions & Answers (1 of 3)

Question 1:

For year end journals, will there be different journal IDs required to correspond with the prelim/interim/final posting periods (ex: 13ABC, 14ABC, etc.)?

Answer 1:

No, you are no longer required to do so. Some departments like keeping that convention to help them quickly identify which journals were done in which period so we leave it up to departments if they want to keep using that convention.

Question 2:

Can vacation accruals/usage be moved via financial journals instead of PETU since the PETU deadline for June is before the final vacation postings?

Answer 2:

You may use the payroll accrual journal with a reversal so that June financials are accurately stated. Then, process the PETU for July.

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Question 3:

What happens if you a have a few purchase orders (POs) to close (ideally before year-end) but missed the June 7th deadline? Will they still remain open in the next fiscal year?

Answer 3:

It will remain open in the next fiscal year. You can still submit the request to SCM to close the PO; SCM will close the PO, but it may not be before year-end. If you know it needs to be closed and missed the deadline, go ahead and submit it so that SCM has your request and can process it as they can.